No. 86-1439

Supreme Court, U.S.
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IN THE
Supreme Court of the United States
OCTOBER TERM, 1986

LEVER BROTHERS COMPANY,

Petitioner,

—against—

UNITED STATES OF AMERICA, JAMES A. BAKER, III, Secretary of the Treasury, and WILLIAM VON RAAB, Commissioner of the United States Customs Service,

Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE DISTRICT OF COLUMBIA CIRCUIT

PETITIONER'S REPLY MEMORANDUM

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May 20, 1987

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IN THE

Supreme Court of the United States

October Term, 1986

No. 86-1439

LEVER BROTHERS COMPANY,

Petitioner,

—against—

UNITED STATES OF AMERICA, JAMES A. BAKER, III, Secretary of the Treasury, and WILLIAM VON RAAB, Commissioner of the United States Customs Service,

Respondents.

PETITIONER'S REPLY MEMORANDUM

Petitioner Lever Brothers Company ("Lever Brothers") submits this memorandum in response to the memorandum filed by respondents. Respondents suggest that this Court restrict its review of the Customs Service regulations (19 C.F.R. § 133.21), and defer consideration of the regulations under § 42 of the Lanham Act pending further review by the lower appellate courts. Such a course of action is neither required nor appropriate.

In view of the significant economic and administrative interests impacted by the regulations, it is imperative that this Court provide comprehensive guidance respecting the proper application of the regulations and resolve conclusively the uncertainty surrounding the importation of "grey market" merchandise. Since the regulations have been promulgated under § 526 of the Tariff Act and § 42

of the Lanham Act, the regulations may not be sustained unless they are consistent with both of these statutory import prohibitions.

This Court has agreed to consider the propriety of the regulations under § 526 of the Tariff Act. *See K Mart Corp.* v. *Cartier, Inc.*, No. 86-495; *47th Street Photo, Inc.* v. *Coalition to Preserve the Integrity of American Trademarks*, No. 86-624; *United States* v. *Coalition to Preserve the Integrity of American Trademarks*, No. 86-625 (referred to collectively hereinafter as *"COPIAT"*). Since the Tariff and Lanham Act import prohibitions do not necessarily implicate the same trademark interests,[1] the disposition of the § 526 claims may not afford definitive guidance respecting the proper application of the regulations. Should this Court sustain the regulations under the Tariff Act without considering the propriety of the regulations under the Lanham Act, the uncertainty which has plagued the application of the regulations will persist.

Significantly, respondents have not disputed the underlying predicate for this application. Respondents do not deny that this case, unlike *COPIAT*, affords the Court an opportunity to provide comprehensive guidance respecting the proper application of the regulations. Rather, respondents contend that, since the Court of Appeals failed to address § 42 of the Lanham Act in *COPIAT*, this Court may not review the regulations under the Lanham Act. This Court, however, clearly has authority to consider the issues implicated by § 42 of the Lanham Act since those issues were addressed by the District Court in *COPIAT*. As this

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[1] *See Coalition to Preserve the Integrity of American Trademarks* v. *United States*, 790 F.2d 903, 910 n. 10 (D.C. Cir. 1986), *cert. granted*, —— U.S. ——, 107 S. Ct. 642 (December 8, 1986); *In re Certain Alkaline Batteries*, 225 USPQ 823 (I.T.C. 1984), *disapproved*, 225 USPQ 862, *app. dismissed sub nom. Duracell, Inc.* v. *U.S. Int'l Trade Comm'n*, 778 F.2d 1578 (Fed. Cir. 1985).

Court observed in *Vance* v. *Terrazas*, 444 U.S. 252, 258 n. 5 (1980), "consideration of issues not present in the jurisdictional statement or petition for certiorari and not presented in the Court of Appeals is not beyond our power, and in appropriate circumstances we have addressed them." *Accord, Boynton* v. *Virginia*, 364 U.S. 454, 457 (1960).[2]

As detailed in the petition submitted by Lever Brothers, this case, unlike *COPIAT*, affords this Court an opportunity to provide comprehensive guidance respecting the propriety of the regulations under § 526 of the Tariff Act and § 42 of the Lanham Act. Specifically, the record developed below serves to sharply focus the trademark interests implicated by § 42 of the Lanham Act, as interpreted by this Court in *A. Bourjois & Co.* v. *Aldridge*, 263 U.S. 675 (1923), and *A. Bourjois & Co.* v. *Katzel*, 260 U.S. 689 (1923).

There is little to be gained by awaiting further review of the regulations under § 42 of the Lanham Act by the lower appellate courts. The breadth of § 42 is largely dependent upon the scope of the *Katzel* and *Aldridge* decisions. This Court is the only forum which can properly define the scope of its decisions in *Katzel* and *Aldridge*. This Court should, therefore, issue the writ requested by Lever Brothers and consider this case in conjunction with *COPIAT* even though the Court of Appeals has not entered judgment in this proceeding. *See Taylor* v. *McElroy*, 360 U.S. 709 (1959);

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[2] Moreover, the petition for a writ of certiorari submitted by K Mart Corporation ("K Mart") refers to § 42 of the Lanham Act, and the brief which K Mart submitted in *COPIAT* specifically requests that the regulations be reviewed under § 42 of the Lanham Act. (Brief of Petitioner K Mart Corporation, dated February 21, 1987 ("K Mart Brief"), p. (i).) The briefs submitted by K Mart and 47th Street Photo, Inc., have addressed this issue. (K Mart Brief, pp. 37-39; Brief for Petitioner 47th Street Photo, Inc., dated February 20, 1987, pp. 45-50.)

Norman v. *Baltimore & O.R. Co.*, 294 U.S. 240 (1935). *See also United States* v. *Nixon*, 418 U.S. 683 (1974). This Court need not await a split among the circuits prior to considering the propriety of the regulations under the Lanham Act. *See Dugan* v. *Rank*, 372 U.S. 609, 611 (1963); *Porter* v. *Aetna Casualty & Surety Co.*, 370 U.S. 159 (1962); *Muncie Gear Works, Inc.* v. *Outboard, Marine & Mfg. Co.*, 315 U.S. 759 (1942).

The writ requested by Lever Brothers would result in the inclusion of only one additional party in conjunction with this Court's review of *COPIAT*—an American manufacturer which has been affected adversely by the importation of "grey market" merchandise which has indisputably created serious consumer confusion. Lever Brothers' interest in this controversy is not coextensive with the interests of the respondents in *COPIAT*, including the Coalition to Preserve the Integrity of American Trademarks, a trade association representing various domestic trademark registrants. The issuance of the writ requested by Lever Brothers will serve to advance this Court's analysis of the regulations while insuring that the interests of American manufacturers, like Lever Brothers, will be amply represented before this Court.

Conclusion

For all the above reasons and those set forth in the petition submitted by Lever Brothers, this Court should issue a writ of certiorari to review the Memorandum and Order of the United States District Court for the District of Columbia.

May 20, 1987

Respectfully submitted,

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